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AN EARLY LOOK AT FEED GRAIN PROSPECTS

The 1961 season for feed grains is well underway. Farmers have practically completed planting their feed crops—in some areas early seeded feed grains are nearing maturity. Spring planting and early growth of feed grains were again delayed by cool, wet weather.

In the Eastern Corn Belt farmers are farther behind than a year ago. But in most other areas progress has

been as good, if not better than in early 1960. Last year following a late start in the spring, weather turned favorable for feed grains and bumper crops were harvested.

It is too early to predict the size of the 1961 feed grain crops. Weather from June through September will determine whether yields will rise to another record high or drop back from the high 1960 level. We have had record



FEED—Continued

yields in each of the last 5 years. Next month's crop report will give us the first official indication of 1961 feed grain production.

Progress in the signup for the 1961 feed program, however, gives reasonable assurance that total acreage will be lower in 1961. Through May 26 corn and grain sorghum producers had signed up to divert nearly 25 million acres from these crops to soil conserving uses. The 19.1 million acres of corn signed up for diversion is about 23 percent of the Nation's total acreage. Corn producers signing up for the program grew over 55 percent of the total United States acreage planted in 1959 and 1960.

A number of the important Corn Belt States were running ahead of the national average. Farmers signing up under the program produced about 80

percent of the acreage grown in Missouri in 1959-60, 80 percent in Nebraska, 67 percent in Iowa, 62 percent in Illinois, and 60 percent in Minnesota.

Grain sorghum producers through May 19 had signed up to divert 5.5 million acres or 30 percent of the national total of 18.7 million. The participating grain sorghum producers grew about 71 percent of the total acreage planted in 1959-60. The acreage signed for diversion for both corn and grain sorghum averaged a little over 40 percent of the 1959-60 base acreage of participating farmers, much more than the minimum of 20 percent required for participation in the program.

The extent of participation in the program gives promise of rather substantial reductions in acreages of both corn and sorghums. The acreage signed up, however, does not necessarily indicate the net reduction for the country. Farmers in many areas had until June 1 to sign up under the pro-

FEED GRAINS (Corn, Oats, Barley, Sorghum Grain)

[In millions of tons]

Year	Production	Utilization ¹	Change in stocks	Carryover ²
1951-52	113	122	-9	20
1952-53	120	113	7	27
1953-54	117	112	5	32
1954-55	124	117	7	39
1955-56	131	127	4	43
1956-57	130	124	6	49
1957-58	143	133	10	59
1958-59	158	149	9	68
1959-60	163	156	7	75
1960-61 ³	168	158	10	85

¹ From domestic crop only, excluding imported grain.

² At end of the year.

³ Preliminary estimates.

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FEED—Continued

gram and some additional acreage would be diverted. On the other hand, farmers not complying with the program may increase their acreage. This could offset some of the reduction made on farms of participating growers.

The 1961-62 season follows a decade in which feed grain production has exceeded total utilization. During most of the past 10 years, production has been moderately but consistently above the total quantity consumed.

Each year since 1952 production has been above total utilization by an average of about 7 million tons annually, or about 5 percent of the crop. Feed grain production during this period has gone up nearly one-third. Utilization also has increased. But it has lagged behind production, with a little less than the total crop consumed each year. The 7 million tons added to feed grain stocks each year since 1952 boosted the total carryover from 20 million tons in that year to 75 million tons in 1960.

Consumption of feed grains so far in 1960-61 has been running at a record

rate. Disappearance is expected to continue heavy in the last half of the feeding year. For the entire year disappearance will likely total a little above last year's record high of 156 million tons. All of this prospective increase will be in livestock feeding. Domestic, food, and industrial uses will be about the same as last year and exports are expected to be a little below last year's high level.

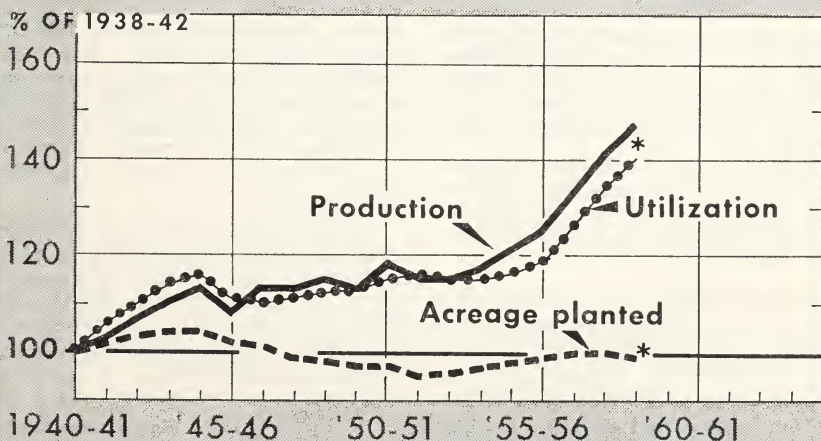
Even with the heavier total consumption in 1960-61, the carryover of feed grains into 1961-62 is expected to increase to around 85 million tons, or 10 million tons above the carryover last year.

Malcolm Clough
Economic Research Service

The Farmer's Share

The farmer's share of the consumer's food dollar was 39 cents in March 1961, a cent lower than in February. In March 1960 the farmer's share was 40 cents.

TRENDS IN ACREAGE, PRODUCTION AND USE OF FEED GRAINS



MARKETING YEAR: CORN AND SORGHUM GRAIN OCT.-SEPT.; OATS AND BARLEY JULY-JUNE.
*PRELIMINARY 5 YEAR MOVING AVERAGE CENTERED.

U.S. FOREIGN TRADE IN MEAT ANIMAL PRODUCTS

United States foreign trade in meat animals and their products in 1960—exports and imports—totaled almost \$1 billion. This was equal to 9 percent of the cash receipts farmers received for meat animals, wool, and mohair.

Our imports consist mainly of meats and wool that we do not produce in sufficient amounts to meet our domestic needs, cattle for breeding, sheepskins, and goatskins. In 1960 meat accounted for 47 percent and wool 28 percent of our imports, which totaled \$633 million. Imports of cattle were 11 percent of the total. Almost two-thirds of the wool imported was carpet wool of types not generally produced in the United States in quantity.

U.S. Large Meat Importer

Imports of meat were particularly large in 1960, but lower than the record reached in 1959. During the past 2 years the United States has been the world's second largest meat importer. We have imported large supplies of boneless frozen beef from Australia, New Zealand, Ireland, and Mexico and frozen boneless mutton from Australia and New Zealand.

Imports of cattle during 1960, practically all from Canada and Mexico, totaled 663,000 head, a drop from the 709,000 which entered in 1959 and the 1,152,000 which came in during 1958.

About the usual amount of canned hams and shoulders were imported last year. The main suppliers, in order of importance, were the Netherlands, Denmark, and Poland.

The large imports of beef and mutton were due to unusually strong demand for beef and relatively high domestic prices. Imports of cattle, beef, and veal were equal to 5.9 percent of domestic production of beef and veal. In 1959

these imports were equal to 8.6 percent of domestic productions. Lamb imports in 1960 equaled 1.7 percent of lamb and yearling production. Pork imports were equal to 1.5 percent of the 11.6 billion pounds produced domestically.

The United States has become a large exporter of animal byproducts. The volume of tallow and variety meats exported in 1960 set new records. Hide and skin exports recorded a new high in value. Exports of all meat animal products were valued at \$350 million last year. Domestic production of these products has increased, but domestic demand has not kept pace with the rising output.

The outlook for exports remains good. And USDA's Foreign Agricultural Service has been carrying out aggressive foreign market promotion programs to encourage even larger exports. Large exports are an effective way to use our abundant feed supplies and at the same time bolster producer prices for livestock and prevent retail meat prices from rising.

Byproducts Exported

The United States is the world's largest exporter of tallows, lard and other animal oils, mohair, and variety meats. It is the second largest exporter of cattle hides and calf skins, following Argentina. Carcass meat product exports amounting to nearly \$37 million also help to maintain prices to livestock producers.

Moving these exports across our borders and from our ports is a large undertaking. The railroad cars required to move these products for the year 1960 would form a train extending from New York City to Columbus, Ohio, a distance of 535 miles.

Grover J. Sims
Foreign Agricultural Service



OUTLOOK



Fruit

Prospects are for above average peach production in nine Southern States, with output likely to be about 16 million bushels. In California, which with these Southern States provide most of the fresh market peaches, indications also point to an above-average crop.

Strawberry production this year is expected to be about 464 million pounds—a little smaller than a year earlier. Smaller crops than last year in the midspring States more than offset increases in other States.

Production of California plums and sweet cherries is expected to be larger than in 1960, but that of apricots will be smaller.



Sheep

During the next few months fed-lamb supplies will be noticeably lower and, unless an unusually small part of the early lamb crop is intended for flock replacements, marketings of these lambs should be little, if any, larger than last year. Hence, a substantial recovery in lamb prices is expected.

Turkeys

The 1961 turkey crop will exceed the record production of 1960, when 85 million turkeys sold at an average price

of 25.4 cents per pound. The mid-May price to farmers of 21.5 cents was 4.6 cents lower than last May. The current turkey slaughter is seasonally light, but far exceeds last year and will continue to do so during the major producing season. Through May, the 1961 hatch of poults was about 25 percent above last year.



Cattle

Fed-cattle marketings will be larger than a year earlier, but grass-cattle slaughter will be seasonally low. Cattle feeders are apparently carrying out April 1 plans for larger sales of fed cattle in April-June. Fed-cattle prices will likely hold close to present levels for the next few weeks, and an uptrend to a summertime peak appears possible later. The pattern of slaughter for cattle and calves this year indicates that the buildup in cattle inventories will continue during 1961, although the rate of expansion seems to be slowing.

Soybeans

Soybean supplies from June to September are expected to be somewhat smaller than a year earlier; demand will continue stronger. Prices through midsummer will average sharply above last year as bean crushers and exporters compete for the smaller current supply of beans. Thereafter, new crop prospects will have a bearing on prices.

OUTLOOK



Continued . . .

Soybean crushings for the entire marketing year probably will total about 405 million bushels compared with 392 million in 1959-60. Most of the impetus to the heavy crush comes from strong domestic and export demand for edible oils and the high rate of feeding protein feeds.

With an expected soybean crush of 405 million bushels for 1960-61 and exports of 141 million bushels, the carry-over this October will probably be about 5 million bushels. This will be 18 million bushels less than last year's carry-over and the smallest bean inventory since 1956.

Potatoes

Supplies of potatoes this spring will continue a little larger than a year earlier; total spring production is expected to be slightly larger than last spring. Prospects after spring: Growers intend to plant 7 percent more acres for late summer and fall harvest than in 1960. This would result in at least moderately more potatoes than last year with prices to growers likely to be substantially below those of the current season.



Vegetables

Production of fresh market vegetables this spring is likely to be moderately smaller than last year and less than the 1950-59 average. The weather has caused crop damage in some areas. Indications are there will be a smaller production of asparagus, snap beans, sweet corn, lettuce, carrots, onions, green peppers, broccoli, cauliflower,

and eggplant. There may be a larger production of cabbage, celery, spinach, and tomatoes.

Dairy

Milk production for 1961 may reach 125.0 billion pounds, up from 122.9 billion in 1960. Farmers' prices for manufacturing milk, through August, are expected to be well above those of 1960 levels because of higher price supports. Then, they probably will run closer to last year's levels. In the last quarter of 1960, prices were well above supports due to a strong demand for milk for making cheese.



Hogs

Hog slaughter will be seasonally smaller in the next several months but will probably pull ahead of year-earlier rates about midyear. Hog prices will rise seasonally later this spring and for the summer months may average close to last summer. Prices this fall will be moderately below last fall.

Cotton

Cotton consumption during the current season is running at a rate of about 8 million bales compared with about 9 million bales during 1959-60. During the last half of 1961 this will probably increase. Exports during the 1960-61 season are expected to be about 6.5 million bales, approximately 700,000 bales below the total for the 1959-60 marketing year.

Broilers

Recent slaughter of broilers in inspected plants, which represent about 85 percent of U.S. production, has been 15 to 20 percent above last year. Based on the number of egg settings this year, large supplies of broilers are expected well into July. Also there may be only moderate relief from the very low broiler prices which prevailed in Southern producing areas in late May.

Shift Toward Filter Tip Cigarettes Slows

Cigarette output rose to a new high in 1960 for the fourth year in a row. The production of 507 billion cigarettes was 3½ percent above 1959 and 29 percent above 1950. Filter tip cigarettes accounted for about 51 percent of this total and nonfilter tips, 49 percent.

The shift toward filter tips in 1960 slowed appreciably compared with most other recent years. However, the production pattern differs sharply from the years prior to 1954 when filter tips were less than 3 percent of the total output.

In 1960 the output of king-size filter tips rose about 12 percent, but the output of regular and long cigarettes declined. The production of king-size nonfilter tips was up 10 percent from a year earlier.

The 1959 to 1960 gain in the number of filter tip cigarettes, though sizable, was less than in each of the previous 6 years. The 1960 output of nonfilter tip cigarettes was about the same as 1959 after falling off steadily since 1952. The

gain in the number of king-size nonfilter tip cigarettes nearly offset declines in the other sizes of nonfilter tips. As for king-size filter tip cigarettes, they accounted for all of the gain in the total filter tip category.

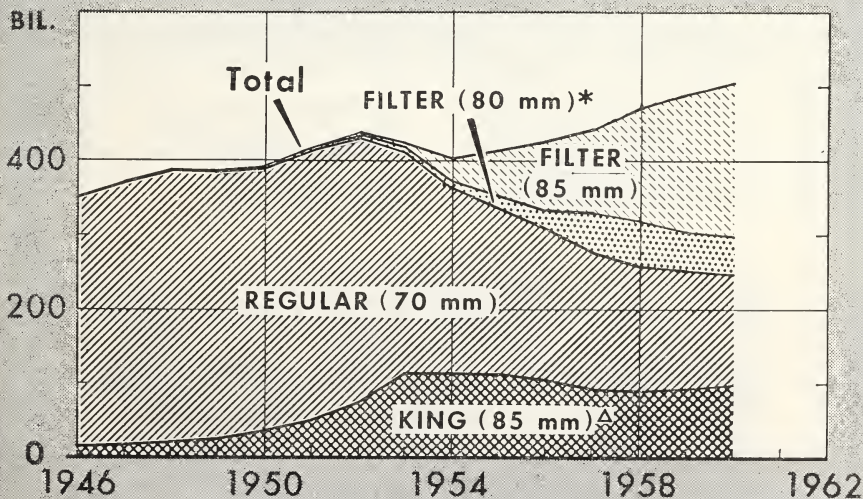
U.S. smokers, at home and abroad, smoked a total of 484 billion cigarettes in 1960, nearly 96 percent of the total output. Over 20 billion were exported for foreign consumption, and most of the balance went to Puerto Rico and island possessions of the United States.

The gain in U.S. cigarette consumption from 1959 to 1960 was 17 billion, a little less than from 1958 to 1959 and substantially less than the sharp rise from 1957 to 1958.

During 1960 cigarette consumption per capita reached a record 3,908 or over 195 packs for every person in the United States 15 years old and above. This was 2.4 percent above 1959 and 5.4 percent above 1958.

Arthur Conover
Economic Research Service

CIGARETTE OUTPUT BY KIND AND SIZE



* INCLUDES 70 MM. FILTER TIPS

△ INCLUDES 80 MM NONFILTER TIPS

PRIOR TO 1958 BASED ON VARIOUS UNOFFICIAL SOURCES

FOOD STAMP PROGRAM . . .

More and varied farm-food items are now moving to our country's needy in eight pilot areas—through the Food Stamp program.

Now, instead of obtaining only a few surplus commodities at Government distribution centers, welfare families in these areas are able to "buy" a broad range of food products from regular retail outlets. As payment, they use stamp coupons issued by USDA through local welfare and other government agencies.

The idea is twofold: To give these people a well-rounded, nutritious diet, and to help move more fruits and vegetables, livestock, dairy, and poultry products to consumers.

For the producer, this will mean an increased market and fewer surpluses; for the consumer, a better diet of foods of his own choosing.

The Food Stamp program which makes all of this possible began a one-year trial run this month in eight areas of chronic unemployment. These areas are located in all parts of the country, as far east as the Appalachians, as far west as New Mexico and Montana.

As USDA officials see it, low-income families have just so much money to spend on food, especially for the important protective foods such as dairy and livestock products and fruits and vegetables. Under the Stamp program, a needy family is placed in the position of being able to obtain a more nearly adequate diet. It gives the family extra purchasing power—in the form of food

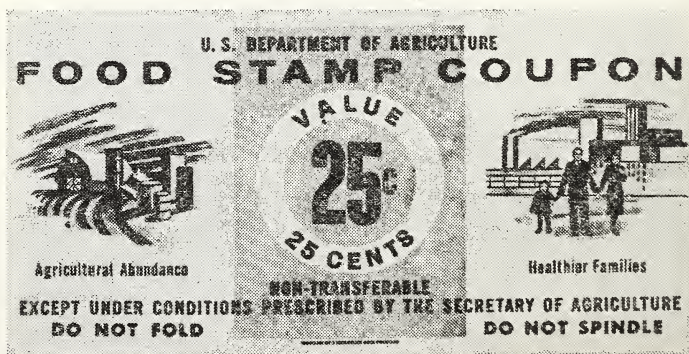
coupons which are good for the purchase of food at retail stores.

How many coupons a family receives may depend upon many things—the number of people to be fed, their ages, their income, and so forth. Under the Stamp program, each family exchanges its usual food money for coupons, then gets in return not only that amount of coupons but some extra. The bonus coupons represent increased food purchasing power to help families attain a better diet.

The wide range of nonfood items usually available in a retail food store cannot be bought with the food coupons—such items as soap, matches, and paper products. Alcoholic beverages and tobacco also are out. There are a few other foods that cannot be purchased with coupons—coffee, tea, cocoa, bananas, and all imported foods where the package clearly indicates the food is imported.

Along with their coupons, participating families will be provided with information on how to make the most of their increased "food dollars." Wise purchasing for good nutrition will be stressed. The full cooperation of those State and local groups that now work with needy families in the eight pilot areas will be sought in this phase of the program.

In this way, needy people can get the most for their coupons, give their families a better diet, and, at the same time, help to ease the farmer's marketing situation.



Milk Producers Make Rapid Adjustments

Revolutionary advances in the art of producing and marketing milk have brought about rapid changes in farms producing milk—especially in the last 5 years. Three basic trends summarize how dairy farmers have adjusted to the new technology.

First, for about the last three decades, dairy farms have been keeping larger and larger herds of milk cows. Second, since 1940, there has been a persistent decline in the number of farms producing milk. Finally, beginning about 15 years ago, the total number of milk cows on farms started to drift downward.

The amazing gains in output per cow and the relative stability of the total demand for milk in recent years have meant that fewer milk cows, and therefore fewer dairy farms, have been needed to produce the Nation's milk. In addition, most farmers who continue to produce milk enlarge their operations to take advantage of improvements in technology, to gain access to better markets, and to offset the effect of rising costs. Also, many farmers

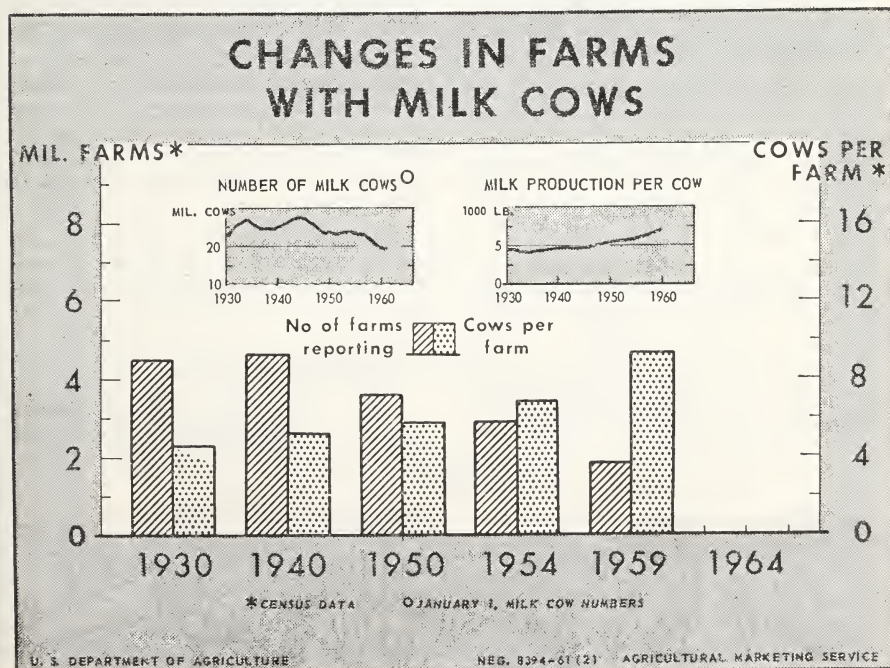
with small milking herds have left dairying.

These developments have led to greater specialization in milk production, as well as to larger dairy herds on the average. Some former dairy-men have gone into other farm enterprises, especially beef production which uses the same farm resources.

Dairy herd sizes have increased more in areas of the country where the demand for total milk has shown the biggest increase. Rather spectacular increases in the average size of herds occurred in three States between 1954 and 1959. Florida's average herd size increased 124 percent, Arizona's increased 85 percent, and California's increased 66 percent.

The smallest gain in average herd size was 12 percent, recorded in the Northern Plains. This region sells the bulk of its milk as farm separated cream, and the demand for milk in this form has been greatly reduced.

Herman Bluestone
Economic Research Service



THE CITY CROP OF COTTON

What is the city cotton crop?

Every crop owns a little of our language. So, the peg may bring to mind peanuts. Buttons may make you think of tobacco and squares hint of cotton. Where does city crop fit in this special vocabulary?

The city crop as defined by the Bureau of the Census is "rebaled samples and pickings from cotton damaged by fire and weather." It amounts to around 50,000 running bales each year. That is to say that the city crop amounts to slightly more each year than the cotton produced by three average cotton-producing counties. (There are about 1,000 counties in the U.S. producing cotton.)

Now we may as well slow those running bales down to a dead stop and find out what they are. They are the bales of cotton as they come from the gin, one after the other—running so to speak. Those bales are not uniform in weight; one may weigh 471 pounds including bagging and ties, the next 547 pounds, and so on.

The two sources of the city crop are rebaled samples and pickings from damaged cotton. Many firms in cotton producing and trade centers purchase damaged cotton, clean it up, rebale and sell it. The same firms also rebale cotton samples.

Studies made by USDA indicate that, on the average, a bale of cotton is sampled about three times before it reaches the mill.

While the weight of a sample for official grade and staple determination is a minimum of six ounces, most samples

average around eight ounces, or one-half pound.

In a 14-million-bale crop, samples alone would amount to about 21 million pounds of lint which would be equivalent to 43,750 standard, or 500-pound gross weight, bales—a new term again. Despite that fact, at 27 cents per pound the samples represent a value of about 6 million dollars.

This rebaled cotton is either consumed by domestic mills or exported. Mills may mix it with other bales in a blending process to obtain uniform quality.

The Cotton Division of the Agricultural Marketing Service is one of the major sources of rebaled samples. For the 1960-61 season through May 12, 1961, samples of 17.6 million bales were classed officially by that agency. Most of the samples become the property of the Government. The samples are baled under contract and account for about 12-14 thousand bales which is a substantial proportion of the city crop.

When the final tally of cotton production is made the reports on ginnings do not tell the whole story. True, they account for the farm crop of cotton, but what about the city crop—the rebaled samples and pickings not counted in those reports?

Since the city crop is consumed and is very much a part of the cotton supply it is recorded separately in the official supply and distribution table this way:

City crop (estimated).

John J. Morgan
Statistical Reporting Service



WHEAT PRODUCTION IGNORES ACREAGE

Time was when the production of wheat moved up or down in fairly good agreement with the change in the acreage seeded. Around 1956, however, production chose to ignore seeded acreage and seek a separate production pattern.

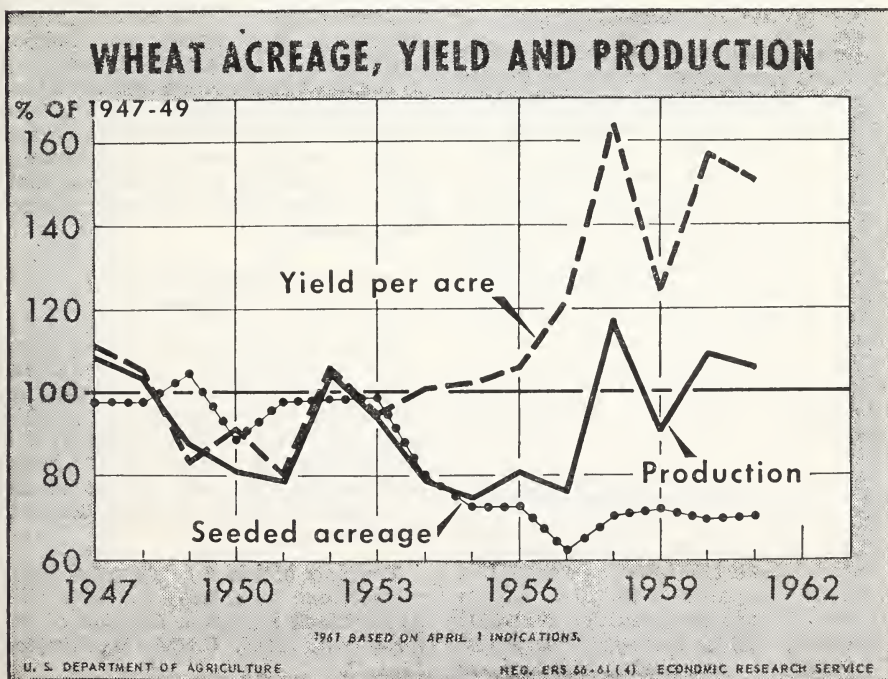
Production has gone up sharply, but seeded acreage has remained at about the same level during the period 1955-61. How has production been able to surge upward without the benefit of added acres? Yields—yields that creep higher and higher supply the answer. A glance at the chart portrays the wheat story of the past decade.

What lies behind the astonishing climb in wheat yields? Man and weather. Which has made the greatest contribution? Debatable—but it can be stated that neither could have achieved the high-yield level without a significant assist from the other. How much longer will the two continue to complement each other? This is, of course, unknown but both are well along to providing another bountiful yield for 1961.

Man has brought about substantial gains through the development of improved varieties, increased use of irrigation in areas deficient in soil moisture, utilization of cultural practices that conserve moisture, and more extensive use of commercial fertilizers.

Wheat producers made rather startling shifts to new improved varieties during the period 1954 through 1959. Triumph, the leading hard red winter variety, occupied nearly a fifth of the total acreage seeded to hard red winter wheat in 1959, nearly double the percentage occupied in 1954.

Slightly more than one-half of the hard red spring wheat acreage in 1959 was devoted to Selkirk, a variety covering less than 0.1 percent in 1954. Soft red winter growers favored Knox with nearly a fourth of the acreage compared with 1 percent in 1954. Omar, not reported in 1954, was the leading white wheat in 1959, occupying nearly a third of the total white acreage. Durum wheat showed the most significant variety shifts. Langdon and



WHEAT—Continued

Ramsey, varieties not reported in 1954, comprised 64 and 22 percent, respectively, of the total durum acreage.

Converting the percentages to actual acres, the varieties named above covered more than 16 million acres (28 percent of all wheat) in 1959 compared with less than 4 million acres (6 percent of all wheat) in 1954.

The Census Bureau reports a 12-percent increase in irrigated land in farms from 1954 to 1959. It can be assumed that the irrigated wheat acreage has increased a similar amount. The acreage devoted to summer fallow increased by 7 percent from 1954 to 1959. With a majority of the summer fallow land used for wheat, the acreage of wheat grown on summer fallow land should show a comparable increase.

The acreage of wheat fertilized as reported by the Census Bureau for 1954 and 1959 is not entirely comparable by States but does indicate at least a 40-percent increase in the acreage fertilized.

Weather . . .

One cannot overlook the favorable weather conditions that existed during recent years to give average yields a substantial boost. Conspicuous by their absence have been the severe drought conditions that occurred fairly regularly during the 1930's, 1940's, and up through the mid 1950's over a significant portion of the wheat-producing area. A reoccurrence of such droughts would obviously reduce yields below the level of recent years, but it is doubtful that the yields would fall to the level of earlier drought years due to the accumulated techniques and facilities available to growers to combat such disasters.

A look at the seeded yields during the past 20 years shows a range from about 13 bushels to 26 bushels per acre. Yields per seeded acre during the most recent decade (1951-60) averaged 18.4 bushels compared with 15.8 bushels during the previous decade (1941-50). However, yields averaged nearly 22 bushels per acre during the 5 years

1956-60, about 6 bushels above the three previous 5-year periods.

What about the future? How high can wheat yields be expected to climb? Answer—not clear but following the trend line of the past 20 years, yields may be expected to add an average of a fourth to a third of a bushel each year.

John W. Kirkbride
Statistical Reporting Service



Recent USDA Publications:

A Key to the Market . . .
Dairy and Poultry Market News
AMS-221. leaflet

If you're producing dairy or poultry products, chances are that you'll want to keep abreast of the current prices, movement, and supplies and trading activities. This leaflet tells you how to keep up to date on the market situation for these commodities. It also tells in a few words what dairy and poultry market news is, and what it does. It goes on to list the commodities on which dairy and poultry prices are reported.

Your Farm Lease Checklist
FB No. 2163. 11 pages

What do you check for when negotiating a farm lease? There are a wide variety of stipulations that a farm lease can cover, and it pays to know what they are. This farmers' bulletin is a handy checklist in the form of a series of questions that both parties should be aware of when a farm lease is drawn up.

You may obtain a free copy of these publications by writing to the editor, Agricultural Situation, Division of Information, MOS, USDA, Washington 25, D.C.

DROP IN USE OF FATS AND OILS AS DRYING OILS

The use of fats and oils in drying oil products has trended down during the postwar era. The 0.8 billion pounds used in 1960 was 0.3 billion pounds below the 1950 record and the smallest quantity consumed since the oil-short days of World War II.

Paints and varnishes account for over 80 percent of the total drying oil used in the United States while floor coverings, oilcloth, and other products account for the remainder.

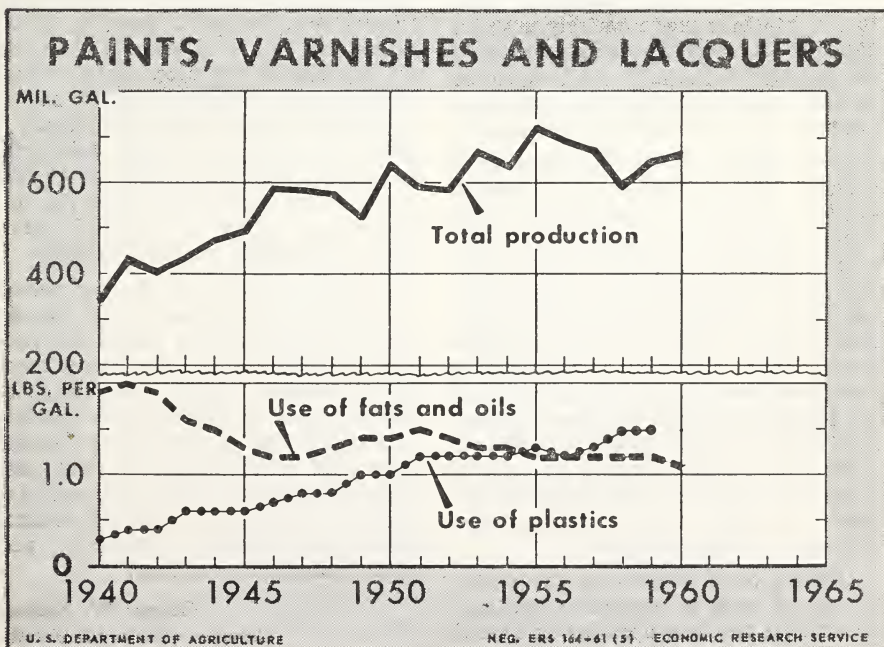
During the last 20 years the production of paints, varnishes, and lacquers has doubled, but use of fats and oils in all coatings dropped from 2.0 pounds to about 1.1 pounds per gallon. During the same period the use of plastics increased from 0.3 pound to about 1.5 pounds per gallon of coatings produced (see chart).

This trend mainly reflected technological changes which resulted in the

substitution in uses of fats and oils by synthetic resins, of which some, namely alkyds, contain drying oil and others (latex emulsion paints) do not contain drying oils. This shift is still in progress.

Production of all surface coatings (paints, varnishes, lacquers, and enamels) was 663 million gallons in 1960, 2 percent more than in 1959, but 8 percent below the 1955 record. The use of fats and oils in paints and varnishes was 1.1 pounds per gallon compared with 1.2 pounds during 1955-59.

Total production of surface coatings expanded from an estimated 336 million gallons in 1940 to a record 719 million gallons in 1955. Despite heavy construction activity, production since then has been relatively stable averaging about 650 million gallons during 1956-60. This stability reflects in part the improved quality of newer coatings,



which are not only more durable than earlier types, but require a smaller quantity for a given job.

It also reflects the architectural trend toward the replacement of wood by other materials such as aluminum, brick, glass, stainless steel, and stone which has reduced the demand for exterior paints. On the other hand, the demand for interior paints has increased.

The shift from agricultural fats and oils, as a raw material, toward synthetic materials of the industrial chemical industries has resulted from important changes in basic formulation of paints, varnishes, and lacquers. Competition from latex emulsion paints introduced in 1948 (which do not contain drying oils) resulted in new oil products and better methods of processing familiar oils. Some of these oil-type products (alkyds) reduce oil consumption per gallon of coating.

The continuing shift to synthetic materials and changes in paint formulas requiring drying oils indicate that while the output of paint and varnishes probably will rise, the use of fats and oils in their manufacture may not share proportionately in the increase. Protective coatings made entirely with oil (linseed-oil based exterior house paints for example) probably will continue to decline, but use of coatings containing part oil or no oil likely will increase.

The postwar era has witnessed a growing demand for paint products better suited than previously to the "do-it-yourselfer" homeowner. The new convenience products for the most part have contained little or no drying oil. The introduction of latex emulsion paints aided this home maintenance trend. The use of these nonoil paints has been growing because of ease of application and cleanup, relative lack of odor, and effective industry promotion. The loss of oil markets in floor coverings and oilcloth mainly reflects the shift toward adhered tiles and plastic sheet products.

Linseed oil continues as the major drying oil used in protective coatings, though its use has declined in recent

years. In 1960 the 830 million pounds of drying oil products were distributed as follows: Linseed oil, 43 percent; soybean oil, 21 percent; castor oil, 11 percent; tall oil, 10 percent; fish oil, 6 percent; tung oil, 4 percent; and all other, 5 percent. In 1951 linseed oil made up about 58 percent of the total.

Total nonfood uses of all fats and oils in 1960 reached a record 4.2 billion pounds, about the same as the previous year. The drop in the use of drying-oil products was approximately offset by a sharp rise in other industrial products. The rate of use for nonfood fats and oils in 1960 was 23.8 pounds per person compared with 24.2 pounds in 1959. This figure declined sharply from the 1947 postwar peak of 29.0 pounds, but since 1951 rates have been fairly stable at about 23-24 pounds.

The downward movement in the use of fats and oils in soap was halted in 1960. Use of saponifiable materials (fats, oils, tall oil, and rosin) in soap totaled 939 million pounds, the same as in 1959 and the smallest quantity since 1912.

As for 1961, utilization of fats and oils in soap probably will slide off slightly because of greater consumption of synthetic detergents and the higher prices for fats and oils. Drying oil usage probably will drop again because of increasing competition from nonfat materials though industrial output is likely to be higher. Other industrial outlets are expected to take more fats and oils and continue the longrun uptrend, due mainly to expanded use of fats in chemicals and animal feeds.

The use of fats and oils per person in drying-oil products in 1960 was 4.6 pounds. This was 0.6 pound per person below 1959, and the lowest since the depression. During 1960 the other nonfood uses of fats and oils reached 14.5 pounds per person, up 0.5 pound from 1959—a new record. This category has shown a longrun uptrend reflecting increased use of fats in animal feeds, fat-splitting, chemicals, and other industrial products.

George W. Kromer
Economic Research Service

"Bert" Newell's **Letter**

Recently I have been listening to the moaning of a stockbroker friend who is considerably concerned over the way some people have been buying stocks. He was telling me how a lot of people would buy stocks with no more information than a "hot tip" to go on. He told about a fellow who ordered him to buy some stock and wouldn't listen when he tried to tell him about it. He said he didn't need advice; he had the inside dope. About a week later his client griped that he thought his stock was one of the electronic issues and discovered it was in some sort of fixtures business—not even electric fixtures.

It seems strange, but things like this seem to happen time and again. I know a man who will spend hours investigating and examining every last detail before he invests eight bucks in an electric iron for his wife. The next day he will plunk down \$2,000 or \$3,000 of his hard-earned cash on a proposition with nothing more to go on than a "hot tip." Sure, it works sometimes, but more often he buys a "pig in a poke."

Now, when it comes to the subject of stock markets, I'm no good at all. I mentioned my friend's worries over his marketing operations because it reminded me of some of the things I run into every once in a while.

I remember an incident some time ago when a farmer was telling me that these estimates of crop production were all a waste of time and, in fact, weren't good to anybody except the buyer who uses them to beat down the price. "For example," he said, "there was a fellow around here the other day trying to buy my clover seed, and he gave me a song and dance about how much bigger the crop was this year than last." He said the buyer told him he got his information from the last crop report, so it was evident the report was doing the farmers no good. Now it just happened that the most recent report did show a crop somewhat larger than the previous

year, but that year was a particularly small crop, and the current estimate of production was way below average. Furthermore, current stocks were very low. Even though the full report changed the picture completely, he was still skeptical, but he asked me if I would send him a copy of the report when I got back to the office. I hope he used it.

And this brings up another angle that some people seem to overlook. If a report is so good for the buyer, isn't the seller sticking his head in a barrel when he ignores it? Just about everyone is going to emphasize the things that are favorable on his side of the bargain. So, it seems to me that it's just good old-fashioned horsesense to try to get all of the information possible before closing a deal. You reporters know about these things, but there seem to be some who don't. Maybe I'm talking to the wrong audience like the preacher who reaches the people who go to church, when it's the people who don't go to church that he needs to talk to most. Perhaps you can do your good turn for the day by passing on the information to some of your neighbors who might not be as familiar with the service as you are.

It doesn't make any difference what kind of a market you're in, the deal will be better and fairer for everyone if both parties have full information on which to work. It is true, of course, when production is big, it may depress the price and when it's small, it works the other way. Either way, we are apt to hear about it. An important thing to remember, though, is that without a disinterested, unbiased agency, like crop and livestock estimates, anybody could start any sort of rumor that suited his purpose. The result would be confusion, and everyone knows that confusion and uncertainty encourage speculation, and marketing costs go up. Anyway, ignorance is a pretty poor base to work from.



S. R. Newell
Chairman, Crop Reporting Board, SRS

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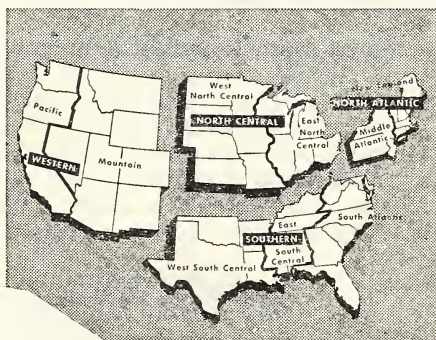
Growth Through Agricultural Progress

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